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DRUG STORE NEWS®

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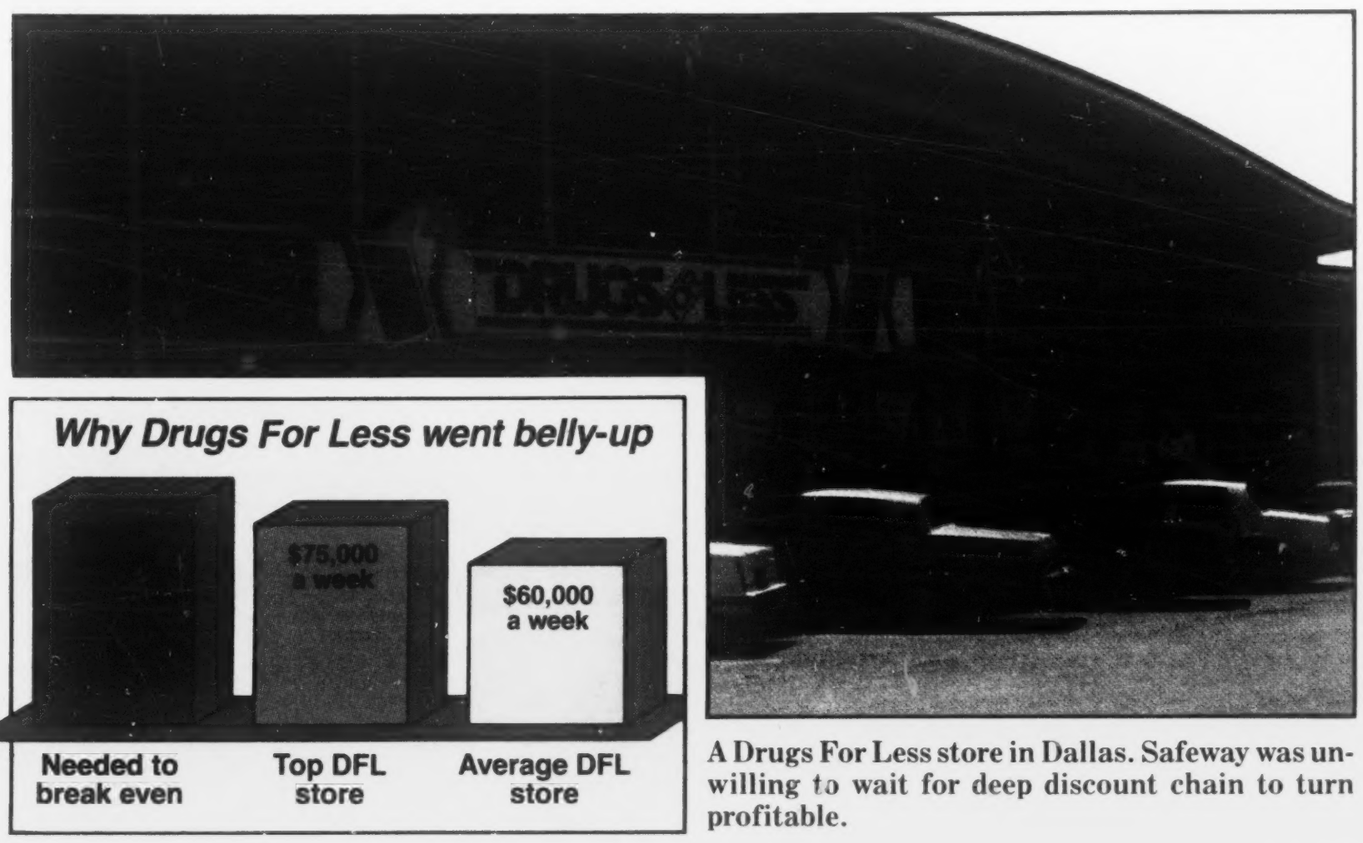


A Drugs For Less store in Dallas. Safeway was unwilling to wait for deep discount chain to turn profitable.

Safeway throws in towel
Drugs For Less closing

By Lou Karney

OAKLAND, Calif. — After three years, Safeway is closing its Drugs For Less (DFL) deep discount drug stores because of losses "in several multiples of seven figures," according to a DFL exec.

He added that sales per store averaged $60,000 a week and verified that the Duncanville, Tex., unit (south Dallas) was the top volume producer at $75,000. Break-even, he said, was $85,000.

All 13 locations were Safeway food stores. Most were 25,000-30,000 sq. ft., with favorable leases.

Daniel Feurer, general manager and coo of DFL, told *Drug Store News* that "it takes a food store a year or less to become profitable, while a drug store requires a minimum of two-three years. In the case of DFL, it would have taken another one and one-half years to make all stores profitable, but Safeway indicated that was not in line with their return-on-investment goals."

At presstime, seven of the 13 stores had closed, four in Houston and one each in Dallas, Austin and Oklahoma City. The remaining six are in various stages of negotiation and remain open to reduce inventory.

Feurer said that "three or four of the grocery stores had been closed for several years. When that happens, it is difficult to start a new venture at the location because of the loser image. Another type store in an abandoned grocery outlet does not always prove to be best because there are reasons why the original retailer left."

See **Drugs,** page 36

New discounter takes on Chicago

1st two Jerry's set to open

By Dave Vaczek

CHICAGO — A former top manager with Gray Drug Fair is unleashing a major drive on the Chicago market with a new deep discount store chain.

The venture—under the name Jerry's Deep Discount—should unveil its first two stores this month, with as many as six more projected by year's end in the greater metro market.

Sources see Jerry's as a double threat in both food and drug in the intensely competitive market. Besides tangling with F&M Distributors, the major deep discount drug presence, Jerry's could butt heads with Perry Drugs' conventional stores. Many of the Perry stores are adjacent to vacant Eagle Food Centers, in which Jerry's is planning to set up shop. Walgreens and Osco are other strong players.

The project's stage manager and top officer is Jerry Gaddis, a former merchandising manager with Gray Drug when Fred Barney was president. Gaddis went on to develop the first Jax deep discount stores under Barney. Both then moved to Medicare Glaser, where Gaddis worked on opening Meg's, that chains' first deep discount experiment.

Gaddis kept a tight lid on his plans for the chain, pending a formal announcement later this spring.

Jerry's is opening its stores in former Eagle Food stores now owned by Dominick's Finer Food Inc. Dominick's will lease as many as eight of the stores to Gaddis for renovation as

See **Chicago,** page 36

Rock Bottom plans 10 new units

PORT WASHINGTON, N.Y. — Rock Bottom Stores, a deep discounting powerhouse in the New York metro market, plans to step up its expansion efforts over the next two years.

Richard Otto, president of the 25-store chain, said the company will open 10 new stores in 1986 and 1987, all of them within a 50-mile range of its 300,000-sq.-ft. distribution center in Brentwood, N.Y. The stores range up to 30,000 sq. ft. in size.

Industry observers estimate that the chain generates $125 million in annual sales and has an almost 7% share of the New York-Long Island drug store market. Rock Bottom's major competitors are Genovese and Pathmark, but there are a host of other drug, food and discount retailers struggling for a share of the nation's second largest retail drug market.

See **Rock,** page 36

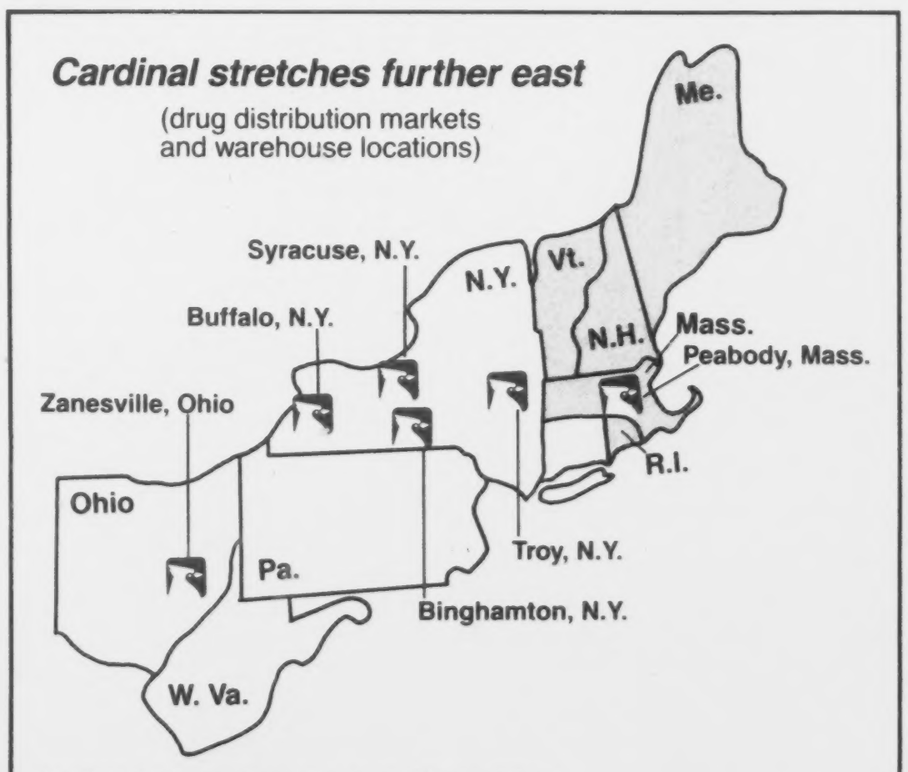
Cardinal forges link to Northeast

By Al Heller

DUBLIN, Ohio — Cardinal Distribution is establishing a strong drug wholesaling corridor from Ohio to the Northeast, with acquisitions that raise its annual drug distribution revenues to approximately $360 million.

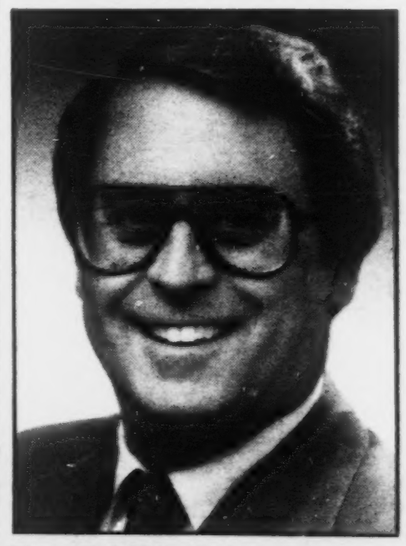
Its definitive agreement to buy James W. Daly, signed last month, is the latest in a series of takeovers that defines

See **Cardinal,** page 36



Cardinal distributes drugs in parts of all these states.
Shaded area reflects James W. Daly acquisition. Source: Cardinal Distribution

Exec named



Ron Schiff, 47, has been appointed president and coo of Pay Less NW, according to former president Ed Hart, 61, who will remain chairman of the board and ceo.

Drug store industry alert: Congress is back See page 4

New packaging, dosage forms planned after tampering See page 3

FINANCIAL

Bergen scales new heights

ORANGE, Calif. — Bergen Brunswig Corp. announced record earnings and sales for the second qaurter and first half ended Feb. 28.

Net earnings for the first six months climbed 12% to $12.6 million, or 94¢ a share, from $11.3 million, or 85¢ a share for the comparable period last year.

Net sales and other revenues increased 39% to $1.5 billion from $1.1 billion in fiscal 1985. Fully diluted earnings per share for the six-month period increased to 88¢, vs. 85¢, on 31% more shares.

In the second quarter, net sales rose from $594 million in the 1985 period by 27%, to $752 million. Earnings climbed 9% from $5.9 million or 44¢ a share, to $6.4 million or 48¢ a share.

Emil P. Martini Jr., chairman and ceo, said that in a period of consolidation of recent acquisitions, the drug store company ran ahead of target in sales and income, and additional improvements in margins are expected.

While the medical supply company reported a sales increase of 14%, operating income remained flat due to increased expense levels and competitive pressures that slowed planned consolidation, Martini said.

Interest expenses for the quarter were up over 200%.

Eckerd earnings off in 2nd

CLEARWATER, Fla. — Jack Eckerd Corp. announced a 34.6% decline in earnings in the second quarter, with profits dropping from $36.6% or 97¢ a share in 1985, to $24 million, or 66¢ per share.

Sales were $744.2 million, up 2% from $728.5 million last year.

Six-month sales were $1.314 billion.

K mart is 'optimistic' over Pay Less' future

TROY, Mich. — K mart Corp., owner of Pay Less Drugs, reported fourth-quarter earnings up 23.4% over the prior year, from $201.2 million to $248.3 million. Sales at $6.75 billion were down 1.8% from $6.88 billion, affected by a fourth quarter that was 13 weeks, compared with last year's 14-week quarter.

Bernard M. Fauber, chairman, said K mart is optimistic about future contributions to sales and earnings from the Pay Less chain and other recent acquisitions, including Waldenbooks and Builder's Square, the home improvement center chain.

Adjusting for a fourth-quarter pre-tax LIFO charge of $23 million and 1984's comparable period LIFO credit of $58.6 million, the fourth-quarter earnings increase was 53.8%, the company said.

Full year sales rose 6.3% from 1984's 53-week $21.10 billion, to $22.42 billion in the 52-week 1985 fiscal year. Earnings were $471.2 million, or $3.63 a share.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 03/07/86 - 03/24/86							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)	
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	61.50	58.00	60.25	2.00	3.43	68.25	48.63	-.38	-.34	2.75	8.29	4.11	-1.60 F	-28.0	30.0	1.1	14.7	.84	1.4	03-24-86	13889.5	154.5	1.2	37.93	21.40
Begley Co	BGLY	22.50	21.25	21.75	.50	2.35	23.50	15.50	-.20	.71	-7.27	50.00	1.26	.50 N	42.7	10.0	1.1	13.0	.72	3.3	01-14-86	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.13	12.63	13.88	.25	1.83	19.50	12.63	-.59	-.65	1.08	-25.66	.61	-.07 F	-10.3	21.0	2.3	22.7	.00	.0	09-21-83	175.4	4.0	2.3	1.20	4.58
Drug Sys	DRGS	5.00	4.75	4.75	.00	.00	6.13	3.75	-.01	.00	3.29	55.56	.35	-1.02 N	-100.0	NC	1.2	NE	.50	10.5	01-06-86	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	31.50	31.13	31.50	.25	.80	31.50	20.00	.07	.00	-.09	-21.42	-.22	-3.13 S	-100.0	NC	-.3	NE	1.04	3.3	03-03-86	2508.5	-8.3	1.6	2.64	14.49
Fay's Drug	FAY	11.75	9.88	10.63	-.13	-1.16	11.75	8.00	.35	-1.32	4.19	-8.65	.20	-.42 F	-67.7	21.0	.6	53.1	.20	1.9	03-21-86	445.1	2.8	1.8	1.65	4.28
Genovese Drug	GDX	14.13	13.00	13.25	.25	1.92	14.38	9.13	.03	-.02	.00	-54.17	.73	-.30 F	-29.1	39.0	1.2	18.2	.20	1.5	12-23-85	233.2	2.9	1.7	2.06	5.73
Longs Drg Strs	LDG	30.38	26.63	30.00	2.50	9.09	32.13	24.00	-.41	1.30	1.75	-13.12	1.74	-.14 F	-7.4	8.0	2.5	17.2	.72	2.4	02-26-86	1480.8	37.7	2.1	.00	12.23
Medicare Glaser	MGCO	4.50	3.75	4.25	.00	.00	5.25	3.75	.05	1.22	13.13	8.23	.05	-.49 N	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Medicine Shoppe	MSII	25.00	24.75	25.00	.25	1.01	26.00	21.00	.05	.00	-4.61	-9.97	.84	.16 Q	22.5	49.0	22.4	28.7	.00	.0	00-00-00	13.4	3.0	9.2	.00	5.08
Perry Drug	PDS	16.75	15.13	16.50	1.13	7.32	18.75	11.19	-.12	.39	1.76	-9.42	.98	.18 Q	22.2	16.0	1.8	16.7	.22	1.3	02-20-86	521.6	9.6	1.5	1.60	7.07
Revco Drug	RDS	35.25	30.75	34.50	3.88	12.65	35.25	23.13	.61	1.18	2.12	-3.77	1.06	-1.01 N	-51.3	-6.0	1.6	35.9	.80	2.3	02-19-86	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	32.25	28.38	30.88	2.13	7.39	32.25	21.50	.51	-.48	-.84	-17.67	1.69	-.11 N	-6.7	8.0	4.8	20.0	.58	1.9	01-13-86	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	29.88	25.63	27.75	2.13	8.29	29.88	18.13	.35	.72	.90	-10.72	1.60	.19 Q	13.3	16.0	2.3	17.1	.64	2.3	02-04-86	1404.9	31.9	1.7	5.86	6.85
Walgreen Co	WAG	34.75	31.13	33.13	1.75	5.58	34.75	22.50	.73	.11	-2.50	23.60	1.53	-.39 Q	-23.1	19.0	3.0	25.5	.50	1.5	02-11-86	3161.9	94.2	1.8	1.17	7.83
Wholesaler's transactions																										
Bergen Bruns	BBCA	37.25	32.88	33.00	-2.88	-8.01	37.25	22.50	.04	-.99	1.97	1.91	1.82	.06 S	3.6	13.0	1.0	19.0	.32	1.0	01-28-86	2434.9	24.2	1.7	11.12	12.07
Bindley Wstn	BIND	12.00	11.50	11.63	.13	1.09	15.00	7.75	.11	.22	-1.16	5.22	.79	.06 F	8.2	23.0	.8	14.7	.00	.0	05-01-85	626.9	5.2	1.4	.08	5.46
Cardinal Distrb	CDIC	25.25	22.00	24.75	2.50	11.24	25.25	14.22	.60	2.70	-3.18	-19.00	.92	.42 N	46.7	NC	1.2	18.8	.08	.3	03-25-86	320.0	3.7	1.7	.85	8.04
Durr Fillauer	DUFM	15.13	14.50	14.75	.13	.85	15.25	9.25	.33	-.47	-2.73	27.83	.78	.04 F	5.4	13.0	1.4	18.9	.15	1.0	02-24-86	427.1	6.1	2.3	1.21	6.05
Ketchum	KCH	22.75	19.50	19.50	-3.13	-13.81	23.25	14.06	.09	-.87	.36	-21.54	.56	-.01 N	-2.2	NC	.2	44.3	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
McKesson Cp	MCK	59.38	53.75	59.00	4.25	7.76	59.38	42.00	.06	1.05	2.05	-3.63	3.60	.38 N	10.9	-1.0	1.3	15.2	2.40	4.1	02-25-86	4887.1	65.0	1.5	12.99	30.40
Moore Med	MMD	24.25	21.00	21.88	.00	.00	24.25	12.31	.19	-1.06	4.48	28.56	1.45	.43 F	42.2	17.0	2.5	15.1	.00	.0	05-23-85	147.9	3.7	3.3	2.45	5.25
Owens & Minor	OBOD	19.88	18.25	19.13	1.38	7.75	19.88	9.84	.43	-.40	-2.59	-7.96	1.14	.19 F	20.0	18.0	1.2	16.8	.28	1.5	12-10-85	367.3	4.4	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	81.50	73.63	81.50	7.25	9.76	81.50	49.50	.68	.16	-.14	3.64	3.88	.54 F	16.2	18.0	13.8	21.0	1.68	2.1	04-09-86	3360.3	465.3	2.1	3.70	15.64
Am Home Prod	AHP	80.00	74.13	77.00	2.75	3.70	80.00	54.75	.36	.45	.82	-.40	4.70	.31 F	7.1	11.0	15.3	16.4	3.10	4.0	02-07-86	4684.7	717.1	3.4	.26	13.74
Baxter Travenol	BAX	19.75	17.38	19.00	1.38	7.80	19.75	12.38	.65	-.60	-.35	-2.21	.85	.64 F	304.8	-14.0	5.8	22.4	.40	2.1	03-11-86	2355.0	137.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	25.25	23.75	23.75	-1.50	-5.94	26.25	14.81	.06	-1.02	-.22	-46.01	1.70	.22 N	13.6	12.0	10.5	12.9	.50	2.1	02-25-86	247.8	25.9	2.4	1.59	10.91
Bolar Pharm	BLR	22.00	19.00	21.00	1.50	7.69	22.63	12.00	1.07	-.23	2.81	-18.84	.71	.10 F	16.4	22.0	17.7	29.6	.05	.2	02-24-86	38.4	6.8	7.5	.00	3.70
Bristol-Myers	BMY	75.50	68.50	74.38	2.38	3.30	75.50	53.63	.49	.56	.91	-6.32	3.86	.41 F	11.9	14.0	12.0	19.3	2.20	3.0	03-31-86	4444.0	531.4	2.5	.75	15.63
Carter-Wallace	CAR	62.00	57.75	61.50	3.75	6.49	62.00	31.13	.49	.57	-1.62	19.53	2.66	.86 N	32.8	21.0	5.9	17.7	.60	1.0	02-10-86	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	37.25	32.88	35.63	2.13	6.34	37.25	17.63	.66	1.72	2.91	6.27	.73	.40 N	70.2	16.0	17.4	36.7	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	14.00	12.75	13.25	-.63	-4.50	15.63	8.50	-.48	.65	-3.40	1.92	-2.10	-2.10 F	NC	NC	-29.1	NE	.00	.0	00-00-00	62.8	-18.3	2.7	5.08	3.00
Key Pharm	KPH	16.88	15.00	16.88	1.13	7.14	16.88	7.13	1.08	1.24	2.88	5.52	-.02	-.63 F	-100.0	NC	-.5	NE	.00	.0	09-09-85	152.1	-.8	3.4	2.52	1.60
Lilly Eli Co	LLY	71.13	56.38	70.75	13.50	23.58	71.13	37.50	.52	3.60	6.79	-3.41	3.69	.31 F	9.2	11.0	15.8	19.2	1.80	2.5	02-07-86	3270.6	517.6	1.9	1.71	17.12
Lee Pharm	LPH	18.75	15.75	16.88	1.00	6.30	18.75	4.63	1.46	-.13	.93	-21.33	.40	.17 Q	70.8	NC	6.6	41.2	.00	.0	00-00-00	12.2	.8	3.1	.00	2.49
Leiner P Nutri	PLIN	13.50	12.75	13.50	.25	1.89	13.50	8.25	-.05	.78	-4.20	28.75	.78	-.10 N	-12.5	NC	4.1	19.3	.00	.0	00-00-00	53.6	2.2	2.5	.00	4.90
Marion Labs	MKC	63.75	58.75	62.75	5.13	8.89	63.75	26.50	.35	.96	-.31	-18.29	.94	.42 S	55.3	38.0	12.2	53.2	.36	.6	03-14-86	295.7	36.2	2.1	.00	4.17
Merck & Co	MRK	168.00	150.00	160.00	9.25	6.14	168.00	98.25	.35	.05	1.52	8.46	7.58	.87 F	13.0	7.0	15.2	21.1	3.60	2.3	02-27-86	3547.5	539.9	1.9	2.43	37.54
Morton Thiokol	MTI	37.25	34.75	35.63	.13	.35	40.50	28.63	.17	-.46	-1.25	-4.59	2.50	.37 S	16.0	22.0	6.7	13.3	.70	2.0	02-14-86	1832.3	122.8	1.8	3.25	15.00
Mylan Labs	MYLN	22.75	17.50	21.50	3.50	19.44	26.00	13.50	1.15	-.19	5.87	-36.39	.52	.41 N	100.0	71.0	23.3	26.2	.10	.5	12-27-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	8.38	7.63	7.63	-1.00	-11.59	14.50	6.13	-2.07	-.82	-7.31	13.39	.05	-.08 N	-100.0	NC	6.7	NE	.80	10.5	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	17.50	16.00	16.50	-.25	-1.49	23.25	13.75	.55	-.15	.50	-23.54	.47	.00 Q	.0	76.0	14.1	34.4	.00	.0	00-00-00	21.3	3.0	2.2	.92	2.33
Pfizer Inc	PFE	60.38	53.88	58.75	4.75	8.80	60.38	41.75	.49	.55	.12	4.27	3.44	.36 F	11.7	16.0	14.4	17.1	1.64	2.8	01-27-86	4024.5	579.7	2.3	2.10	15.45
Reid Prov Labs	REID	10.75	10.63	10.75	.13	1.18	10.75	4.00	.93	.00	-8.57	-19.86	.13	.06 S	46.2	28.0	6.0	56.6	.04	.4	12-06-85	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	15.50	12.88	14.50	-.63	-4.13	23.00	5.50	.18	2.88	2.72	18.61	2.53	20.97 F	NE	NC	8.7	5.7	.00	.0	11-19-84	706.1	61.4	1.7	.47	-5.23
Rorer Group	ROR	39.75	35.75	37.88	1.88	5.21	47.00	28.63	.51	-.35	4.37	-59.58	1.72	-.36 F	-17.3	2.0	10.9	22.0	1.12	3.0	02-04-86	338.1	36.8	1.9	2.18	11.07
Scherer RP Co	SCHC	12.75	11.50	12.50	.13	1.01	16.50	10.00	-.98	.98	2.54	-60.54	-.43	-.96 N	NE	NC	-2.0	NE	.32	2.6	03-07-86	167.4	-3.4	1.7	4.07	9.72
Scher Plough	SGP	66.50	61.50	66.00	3.88	6.24	67.00	40.13	-.10	.94	2.34	30.69	3.77	.27 F	7.7	-2.0	10.0	17.5	1.80	2.7	02-03-86	1927.1	192.6	1.4	2.50	25.96
Squibb Corp	SQB	97.88	90.25	93.88	3.38	3.73	97.88	55.00	.56	.05	.29	16.33	4.20	.52 F	14.1	25.0	11.1	22.4	1.76	1.9	02-14-86	2041.7	226.6	2.3	3.74	24.87
Sterling Drug	STY	45.00	42.13	44.25	1.75	4.12	45.00	29.50	.27	.38	-2.69	3.01	1.83	-.54 F	-22.8	-1.0	6.3	24.2	1.20	2.7	02-12-86	1753.7	109.7	2.6	1.32	15.34
Syntex Corp	SYN	58.63	51.88	58.38	6.13	11.72	58.63	27.69	.70	.66	-1.06	-14.01	2.33	.79 S	39.3	14.0	15.8	20.8	1.20	2.1	12-16-85	948.5	150.0	2.1	2.68	9.40
Thompson Med	TM	16.38	14.75	15.88	1.00	6.72	16.50	11.75	.35	.90	1.01	-.31	1.18	-1.02 F	-46.4	10.0	8.1	13.5	.40	2.5	12-23-85	136.8	11.1	5.5	.00	7.43
Upjohn Co	UPJ	164.75	149.25	161.75	11.13	7.39	164.75	78.25	.43	.67	-.45	27.00	5.67	.39 N	6.9	1.0	8.0	26.7	3.04	1.9	04-01-86	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	54.00	51.13	52.75	1.25	2.43	54.00	33.75	.41	.50	-.24	16.99	-4.05	-6.86 F	-100.0	NC	-9.9	NE	1.56	3.0	02-03-86	3200.1	-315.6	1.7	6.47	18.18

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

1986 PREVIEW

Fragrances

The Sweet Smell of Success Awaits

What do women want in 1986? A fragrance to match every mood, every fancy, every nuance, say the experts.

The buzz word for the year is *wardrobing:* Fragrances worn as fashion accessories, highlighting the brightness of the daytime, the alluring sparkle of the night, and everything in between!

"Women want a wardrobe of fragrances, something to wear to work, while they go shopping, and for every part of the day," says fragrance expert Annette Green, executive director of the Fragrance Foundation in New York City.

For 1986, that means women will want more than one fragrance for a complete sensory experience. For the daytime, experts say women will be clamoring for multiflorals, but during the evening they will want dramatic orientals. Likewise, among teenagers, forecasters say the light and fresh florals will be *de rigueur* for daytime, but the bolder musks and oriental fragrances will catch their fancy during the evening.

And for men, the experts say fresh, light fruity fragrances will become popular for the day, while subtle scents with an undertone of musk and spice will grab their attention for the evening.

Another important trend in 1986 is the growth of more conservative, romantic, feminine fragrances, which are typically associated with floral top notes.

And, on the heels of romance, industry observers say that fragrances will continue to make a fashion statement. One of the biggest successes in that category is the department stores' gangbuster, Giorgio. "It's a fashion driven industry," says Allan Mottus, president of Mottus & Associates, New York, a cosmetics industry consultancy. "Giorgio is a lifestyle, fashion statement from Rodeo drive," he notes.

Indeed, as more fragrances address this need, consumers will continue to throng to the drug store counters for popularly priced scents that match their lifestyles.

With the host of offerings in 1986, fragrance sales should continue to climb high. While 1985 was not a particularly strong year, retailers predict that 1986 will be a blockbuster because of the sophisticated promotions, new displays and packaging that will highlight this year's fragrance offerings, With so much excitement, 1986 should be a SCENTSATIONAL YEAR!

STATE OF THE INDUSTRY

Drug stores are a real mecca for the fragrance consumer. While many years ago shoppers went to the department store to buy scents, nowadays it is more likely that the educated consumer will find most of what she wants in her favorite drug store. Even the most prestigious, high-priced perfumes can now be found in the local drug store, usually behind a locked cabinet.

After all, with today's hectic schedule, and with so many women joining the work force—more than two-thirds of women between 25 and 44 years of age work outside the home—making a separate trip to the department store for a fragrance can prove too time consuming.

Conveniently located drug stores offering a wide variety of scents has proved the favorite outlet for fragrance purchases.

Overall, for cosmetics and fragrances combined, drug stores command a larger share of the market than department stores. And with good reason. Many drug stores now offer an upscale, attractive environment for buying fragrances, with carpeted floors, an inviting collection of scents, and attractive displays.

And many manufacturers now offer sensibly priced perfumes that often

Please lift page for more *FRAGRANCE*

1986 PREVIEW

Fragrances

mimic their more upscale, department store counterparts. Most consumers know that for the money, they can get an equally satisfying perfume for a lower price in a drug store than in a department store.

Fragrances are a big part of the drug store mix and a hefty money maker to boot. Efforts to boost fragrance sales, which now include toilet water/cologne, perfumes, and body sprays, have paid off handsomely.

In 1984, fragrance sales in drug stores soared a thumping 18.7%, raking in $421.8 million in total sales. Overall fragrances grabbed 31% of the total $1.4 billion cosmetics category, and outpaced such departments as stationery, toys and photo.

Moreover, with fragrance gross margins higher than for many other categories, and with price hikes slowing down in 1986, unit growth and volume will be up this year, say buyers.

And fragrances are an ever important part of the total drug store bottom line—contributing, along with cosmetics, 5.3% of total drug sales.

Following is a bird's-eye view of some of the most exciting fragrance offerings for 1986. Here the experts predict what will catch the consumer's fancy during the year and especially during Christmas, when drug stores can ring up as much as 45% of the total year's scent sales.

PROMOTIONS

Promotions are an especially engaging way to catch the consumer's attention and are likely to keep shoppers coming in to the drug store for repeat purchases.

While department stores used to be known for their gift-with-purchases, many observers say that department stores are so cluttered with such items that shoppers don't know which way to turn. However, drug stores are just beginning to offer gift-with-purchases, and this relatively new and very exciting gift idea will have a big impact on drug store sales volume, especially during the Christmas rush.

For example, Jovan is introducing its new addition to its floral fragrances, Tropical Iris, and is offering a potpourri of gift-with-purchases.

But first a word about Tropical Iris, an alluring, warm, glowing, and softly radiant scent that brings out the exotic floral nuances of jasmine, muguet, carnation and the aphrodisiacal ylang-ylang. A very romantic, heady scent. It is one of five florals completing the Jovan bouquet of Black Orchid, Oriental Lotus, Island Gardenia, and Night Blooming Jasmine.

Jovan will lure spring shoppers with some innovative gift ideas, including Jovan Florals Perfume/Cologne Gift-With-Purchase, offering a free 3/8-oz. spray cologne on-pack with every $7.50 purchase of the 3/8-oz. spray perfume, which altogether is a $12 value. Other offerings include a beautiful faux-ivory and beige fossil bead necklace and clasp with purchase of a 1.5-oz. Jovan Floral Spray Cologne for $10. Altogether, the cologne plus necklace is a $20 value.

And some other exciting ideas are the Jovan Florals cologne in the new 0.75-oz. bottle with a gift of three matching scented sachets.

All of these gift ideas come encased in attractive packages along with their respective scents, an ideal way to move packages in drug stores, which are always pressed for space.

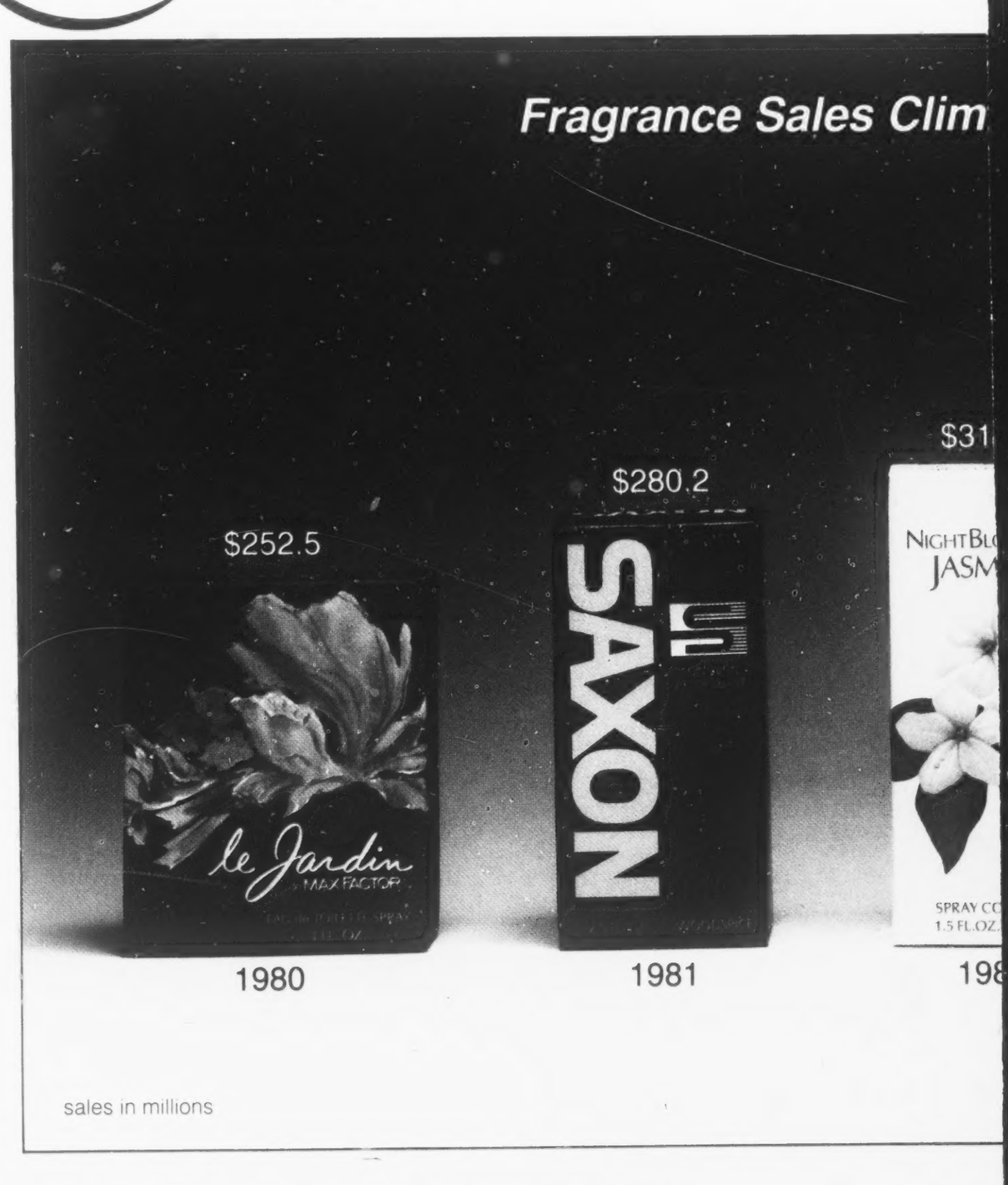
And a truly innovative, striking promotion from Jovan is a wicker cart as a freestanding display unit with a themed counter display unit and shelf talkers. Truly a striking way to greet spring.

Another innovative spring promotion comes from Jordache, which is expecting some hefty sales for its Sassy Eyes & Spray promotion.

Norman Greif, president of Jordache cosmetics says that among the offerings will be 1.7-oz. spray cologne of the floral fragrance Jordache Women with a 12-piece eye-shadow cosmetics kit—an $18.50 value for $10. For men, the themed promotion is called Men's Gear, a bottle of the 1.7-oz. Jordache Man's Cologne and a 1.7-oz. after-shave in a windowed carton. It retails for $8.50, but is a $17.50 value.

And Jordache is hoping to lift sales with trial sizes of its Jordache Woman and Man's florals and its Jordache Love Musk for Women and Men with two displays, one containing 24 pieces of the 3/8-oz. Women's Spray Cologne and the other, 24 pieces of the 3/8-oz. pour cologne. Jordache's Greif says the company is shipping 500,000 pieces of each item which will be interspersed with Jordache's spring promotions.

For fall, Jovan has on tap a themed promotion for its Musk line of scents called The Matchmakers, which will pair up fragrances for both men and women with some creative gift-with-purchase offers. For example, Jovan will be offering the Jovan Musk for Men Travel Pack, a 2-oz. musk shampoo free with purchase of a 2-oz. travel bottle of after-shave cologne packaged with a 3-oz. stick deodorant. For women, one of the offerings is a Jovan Musk for Women Duo, a gift of the 2-oz. hand and body lotion with purchase of 2-oz. Musk Cologne Spray. Here again, note that the gifts are packaged with the purchases—an important part of the drug store merchandising mix.



CHRISTMAS

An important part of any retailer's sales year is Christmas. But perhaps more so for fragrances, the truly universal way to say "I Care" to someone special.

While Christmas 1985 was not spectacular—there were six fewer selling days compared to 1984—retailers expect Christmas 1986 will be a banner selling season.

And retailers are planning very carefully for the upcoming Yule because they know how important the holidays are to the bottom line—a good Christmas chases away the winter blues and shores up weaker sales quarters.

In drug stores, Christmas means gift sets—attractively packaged, gift wrapped fragrances in windowed packages, so that the consumer knows what she is buying.

Max Factor intends to transform Christmas with a host of beautiful offerings for its Le Jardin fragrance—the incurably romantic scent with soft, floral, and subtle fruity tonalities that Jane Seymour has made into a household name.

"The forecast for the holidays is very much a glittering, elegant one," says Julie Beauchamp-Sweeney, senior marketing manager for Max Factor. "Our overall look is for an upscale, glamorous, elegant Christmas '86,"

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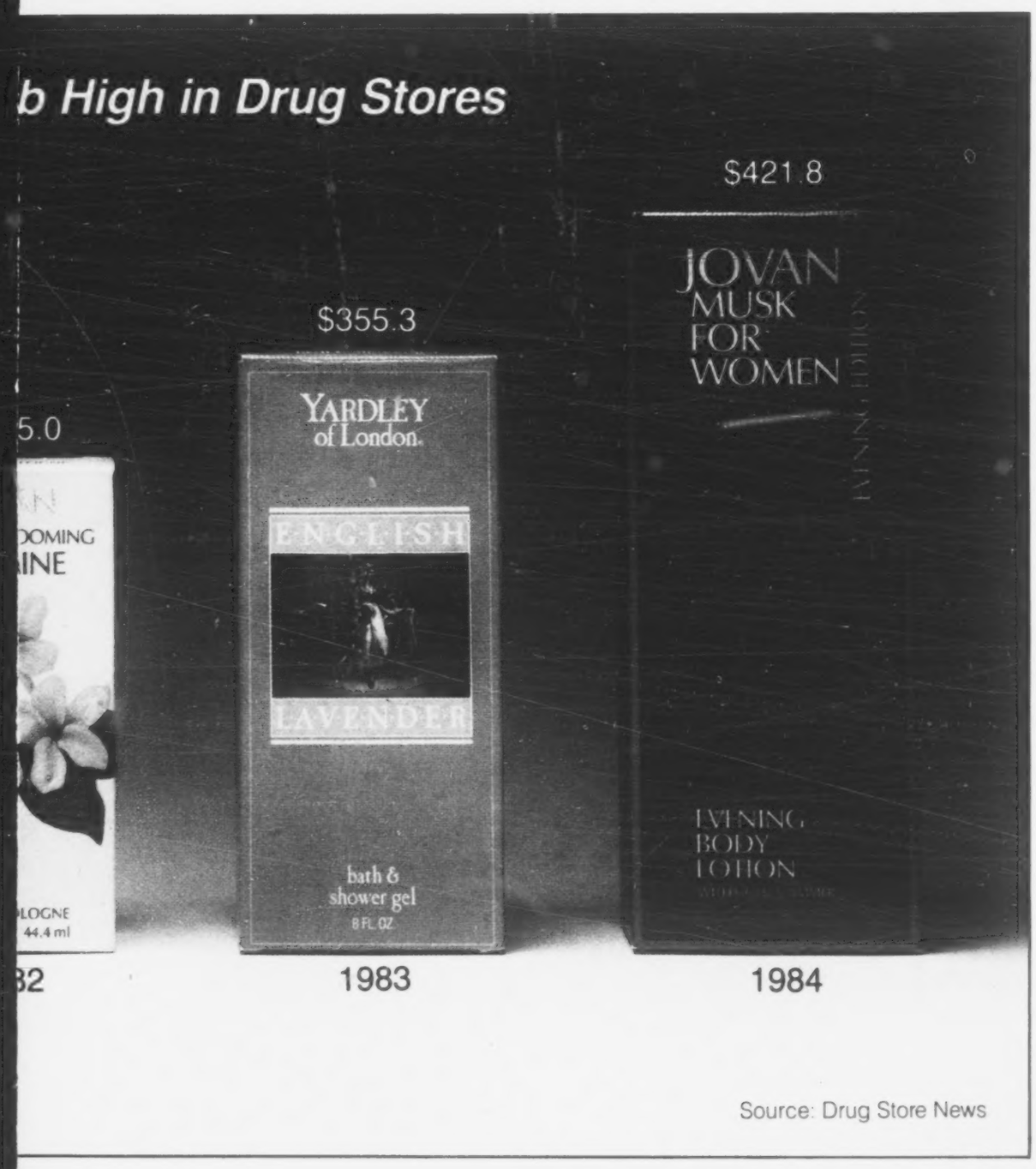
FRAGRANCE



Source: Drug Store News

she notes.

Along those lines, Factor will offer A themed Christmas promotion called a Jewelchest—A Treasurehold of Fragrance Gems for the Holidays. For Le Jardin, in particular, the theme is Gems of Romance—feminine, romantic, elegant, and opulent, with gift sets for every budget.

Among the offerings will be moderately priced stocking stuffers, bath and body extensions, and a delicately scented Le Jardin candle. Packaging will reflect a distinctive sparkling-silver-gray-metallic gift wrap.

And for the bath and body extensions there will be Guest Soaps shaped like Le Jardin flowers and a glass soap dish to keep long after the soap is gone. Bubbles For The Bath are encased in a sparkling glass container that will surely enhance any bathroom. And the perfumed bath powder, in a faceted glass shaker, completes the collection.

Jovan, too, has a themed Christmas emphasizing the Celebration of the holidays. And Jordache has some hot Christmas promotions centering around five Christmas gift sets. Men's Grooming Gear, a 3.3-oz. after-shave and 1-oz. cologne packaged with shaver foam and razor; a Men's Classic cologne and after-shave set; and for women, a 1-oz. spray cologne with dusting powder called Contemporary Classic and a 1-oz. spray cologne and Sassy Face cosmetics face kit. Finally, Jordache will offer Love Musk, 1-oz. Women's cologne spray and a Jordache Bright Eyes red plastic compact. Stocking stuffers with hanging stuffed animals and a complete Jordache cosmetics display is also on the burner for Yule.

It is important to remember that all gift sets sell themselves, acting as a kind of substitute for sales help. That is why the sets are so handsomely wrapped—drug stores usually don't have gift wrapping services. In other words, it makes it very easy for the shopper to pick up the fragrance and have an already complete gift.

MEN'S MARKET

One of the fastest-growing categories in drug stores is the men's cologne and after-shave market. While men have generally been slow on the uptake, new in-store promotions and targeted marketing have brought men around to their senses. Although women may still buy most of their scents, the arena is definitely changing.

For example, overall, men's fragrances rose 9% in 1985 to a total of $665 million, according to Charles Kline & Co., Fairfield, N.J. Much of that growth stems from the musk colognes, which some experts say accounts for 15% of the growth in the market.

One of the ways that men have been drawn into the market is through delicately scented after-shaves which are soothing and nonirritating. For years marketers have been telling men that after-shave balms do not have to sting to be effective. And it appears that the hard work is paying off.

One of the big sellers in this category is Saxon, a soothing after-shave with conditioners that soothe raxor irritation, alleviating roughness and dryness. It leaves the skin feeling good.

Saxon comes in two deliciously scented formulas, woodspice, in a handsome brown box, and golden musk in a handsome gold box. And Saxon is a lotion, not an alcohol-based product that stings.

Steve Reddy, product manager for the brand, says that during Christmas 1985, four gift sets were offered for Saxon and they moved rapidly. And this year, he expects some fireworks for upcoming promotions.

"Regular after-shaves and colognes are flat, and the only growth segment is in the soothing, conditioning after-shaves, which are growing very rapidly," says Reddy.

Nevertheless, marketers see a window of opportunity in the men's fragrance (cologne) market in drug stores and expect this year to see some strong growth in this area.

One fragrance that makes an elegant, lifestyle statement is Black Label by Yardley of London. This distinctive, European fragrance subtly highlights a man's personal style, and is suitable for the office and into the evening. It is elegant without being macho.

Yardley expects some sizzling sales for Black Label. Yardley notes that Black Label has an upscale image, and fills the market void for a top-end, nondesigner fragrance. This continental blend of masculine notes of coriander, nutmeg, ginger, and clove with dashes of patchouli, moss, and amber is a versatile, alluring fragrance that men can wear any time of day.

Yardley of London Spice, Leather, and Musk, three powerful fragrances that are provative, yet subtle also enhance the way a man feels. And the line also provides men with the basics they need in after-shave lotion, stick deodorant, and shave cream, note the fragrance experts at Yardley.

And Jordache for Men fragrances—Jordache Man and Jordache Love Musk for Men—also makes a sophisticated lifestyle statement, offering men an upscale, elegant, yet subtle scent, but at popular prices ranging from $6 to $15, notes Norman Greif, president of Jordache cosmetics.

SELLING TIPS

For any fragrance the importance of testers cannot be overstated. For both men and women, they need to know what they are buying and to try it on to insure a sale. Afterall, a women or man who likes the aroma of a fragrance is likely to buy it. So don't make it difficult to experience a fragrance.

Also remember that fragrances are fun purchases. Create an environment in the department that is not threatening, but enticing, so that shoppers can easily work their way through the offerings.

Spray some scent into the air to create a special atmosphere, and put manufacturers' displays in high-traffic locations so that they are highly visible.

Mention that certain cosmetics colors might match a certain scent and be aware of fashion trends so you can direct shoppers to all the new items in the store. If you can grab the shopper's attention, you may point out that certain fragrances fit certain moods and suggest the proper scent: Florals for romance and more spicy, musky scents for dramatic flair.

Finally, for those without sales help, make sure that all displays are in full view and that housekeeping is in order. A clean department is a sure way to entice shoppers and to make them feel comfortable with the many fragrance offerings in the store.

MERCHANDISING TRENDS

Bulk items' share up in laxative market

Consumers' growing interest in high-fiber bulk laxatives means good news for drug stores, which accounted for 70% of retail bulk laxative sales in 1985.

Sales of bulk laxatives continued to outpace the growth of the laxative market overall. Bulk items accounted for $189 million in retail sales, a 16% hike from 1984, while the laxative market grew 5%, to $525 million, according to Merrell Dow Pharmaceuticals, makers of Citrucel.

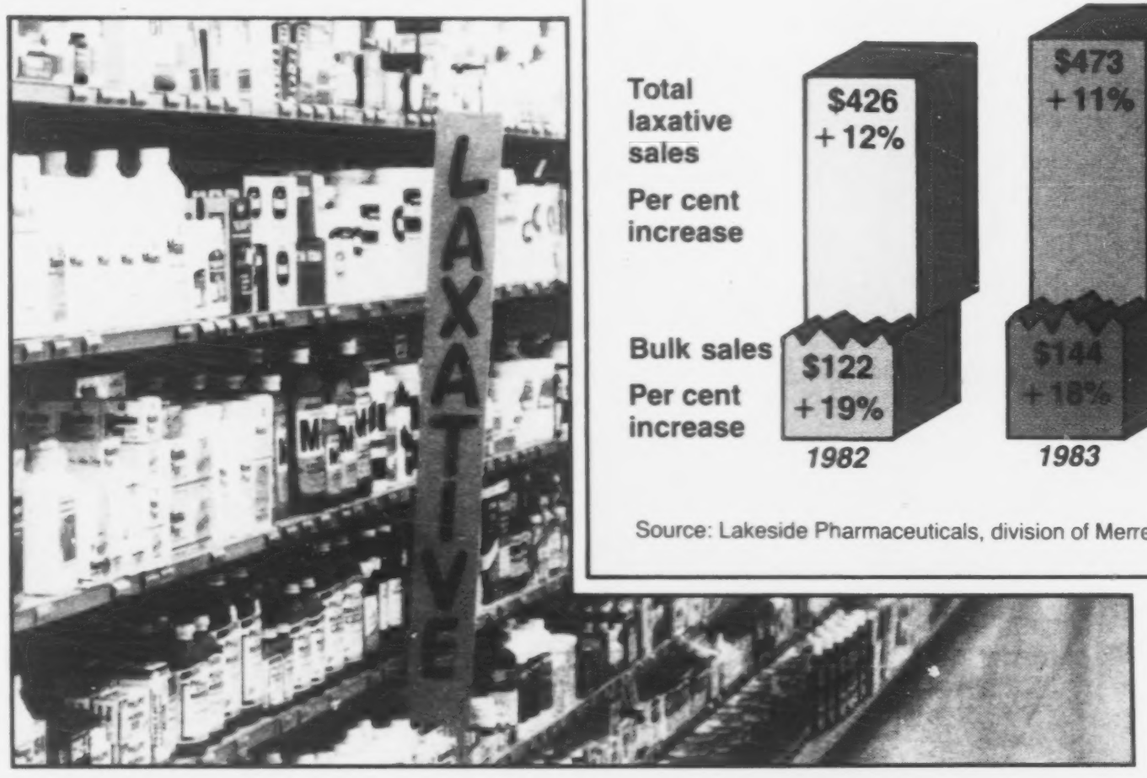
Chains including Begley, Snyder's and Gresham Drugs tallied 10%-15% category sales growth last year, driven by the high-fiber segment. The activity spurred Snyder's and Gresham to increase planogram space recently.

Chain spokesmen said customers' habitual use makes laxatives highly promotable—and price-sensitive. A recent price check showed chains feverishly promoting the category in newspaper circulars.

Gresham was offering 15-oz. Fiberall at $5.99, down from the $7.89 suggested retail, and Fibermed at $3.99, off from $5.29

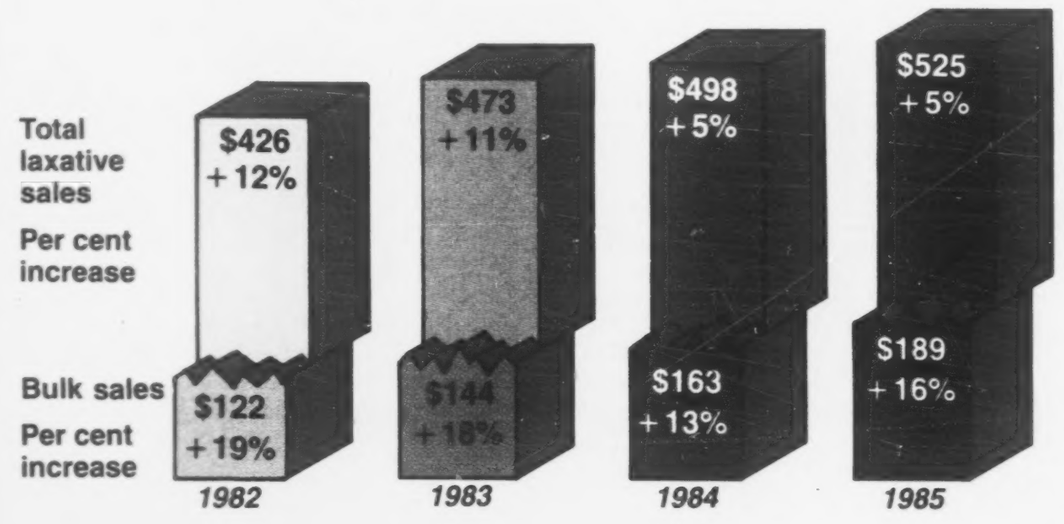
Eckerd offered Fiberall wafers, 14-count, at $3.39, and at $2.39 with a $1 mail-in coupon.

Walgreens advertised Correctol tabs (30's) at $2.29 and Doxidan caps (30's) at $3.79. Hook announced 53¢ savings on a 15-pill Feen-a-Mint package at $1.33, and $1.16 savings on a 100-count bottle of Dulcolax, at $10.33.



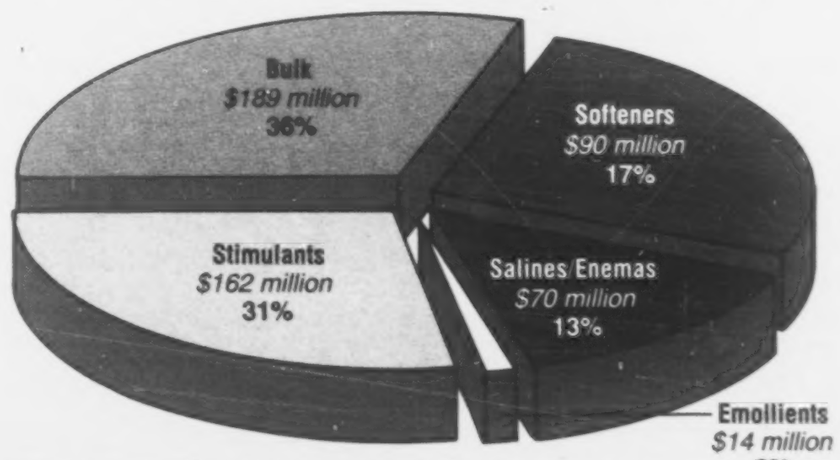
Bulk-laxative sales outpace total laxative sales

(Millions of dollars in retail sales and per cent increase)



Source: Lakeside Pharmaceuticals, division of Merrell Dow Pharmaceuticals.

Bulk laxatives grow to 36% share of 1985's $525 million retail market



Source: Lakeside Pharmaceuticals, division of Merrell Dow Pharmaceuticals

Buyers predicted bulk items will continue to capture customers' attention because of increasing awareness of fiber's importance in the diet and physician recommendations about bulk items being more natural stimulants than traditional chemical stimulants. The category as a whole, meanwhile, should continue to benefit from the growth of the 50-year-and-older population segment.

Gresham adjusted its laxative planogram last year to reflect growing sales, driven by bulk laxatives, said Gresham president Marvin Gresham.

The six-store Florida chain added 2 ft. to a 4-ft. planogram and put bulk products in the key position, at eye level, and on one shelf below.

"Bulk is really where the business is," said Gresham, who reports flat sales from stimulant segment brands including Ex-Lax and Feen-a-Mint.

Fiberall gained sales over Metamucil due to customers' attraction to Fiberall's sugar-free makeup. But Metamucil recovered momentum at Gresham with the introduction of its own sugar-free brand last year, Gresham said.

Among traditional stimulants, Gresham said, Correctol has maintained steady sales, particularly among women, by being positioned as having the same gentle feature as the bulk items.

"I think they created a picture of being a gentle-type laxative that people can use every day," he said.

Begley Drugs is picking up the category's newest entry—Citrucel—which was shipped Feb. 17, in 16-oz. and 30-oz. powder versions similar to Metamucil, said buyer Ralph Kinder.

In January, Snyder's added 2 ft. to its laxative planogram after posting over 10% category growth. "There's certainly been an increase in sales, but also a proliferation of new items," remarked buyer Roger Mountain.

Merrell Dow is eying Metamucil's hefty market share, estimated by one source at 80%-85%. Citrucel is being advertised as having a less "sandy, gritty" taste than Metamucil, because it contains methycellulose rather than psyllium. It is, as well, the company says, 100% water soluble, and has a pleasing orange taste.

Calcium enriched antacids pump up sales

Doctors, TV promote nutrition awareness

The normally staid antacid category received a positive jolt in 1985, when awareness about calcium's nutritional benefits focused consumer attention on Norcliff-Thayer's Tums.

The 70-year-old neutralizer experienced monthly sales increases after some consumer magazines in late 1984 published stories that identified the product as an inexpensive source of calcium, according to Norcliff-Thayer sr. vp. Ted Williams.

Physicians meanwhile continued to recommend the antacid to women as a source of the element, a necessary diet ingredient for preventing osteoporosis.

Warner-Lambert's Rolaids, in a struggle for market share with Tums, responded by emphasizing its antacid properties in television commercials. Sources said that both are about tied for market share in the $625 million category with 35% each.

Chains recently were heavily promoting Rolaids, which sources said is reclaiming in some of its share of the market it had led a year ago.

In newspaper circulars, Revco was offering 75 tabs, reg. $2.29 a bottle, at two bottles for $3. Fay's advertised Rolaids 180's at a $1.43 savings, at $2.66. Discount Drug Mart promoted the Rolaids bonus pack—75 tabs plus 20 free tabs—at $1.59, off list price of $2.98.

Although Tums sales are up 25% to 30% from 1984 at Gresham Drugs, president Marvin Gresham said that product's increase makes up just a small part of total category growth, which comes largely from generics.

Generics account for a large portion of the chain's antacid tablet sales, with Gresham's private label selling for $1.99 for 100 counts, compared to 75 Tums counts at $2.09.

As expected, major sales gains have occurred in calcium supplement products such as Ayerst's Posture. Sales are up 200% to 300% in the category, Gresham said.

Nevertheless, Glenbrook Labs, the makers of Calcitrel, is banking on a continued demand for antacids doing double duty as calcium supplements. Calcitrel will be shipped in four sku's in tablets and liquids next October, and being billed as "the first and only antacid positioned for women," with "a calcium bonus in every spoonful." It includes 17% more calcium in each tab or spoonful than a Tums' tablet and is sodium free, a Glenbrook spokesman said.

Gresham said that Mylanta and Maalox sales have been further threatened by products that control ulcers while combating acid discomfort. SmithKline's Tagamet and Glaxo's Zantac are gaining sales among antiulcer drugs at the Florida chain's stores, Gresham said.